

**Schedule B**

**Legacy Charge**

Term	Description <sup>1</sup>
Legacy Charge	<p>The “<u>Legacy Charge</u>” shall consist, collectively, of all applicable Flat Fees and Volumetric Charges set at the levels for each customer class set forth in the <u>Annex 1</u> attached hereto, subject to the Amendment Test and the modification provision set forth in the Plan, to be included in customer rates pursuant to the Plan and Confirmation Order.</p> <p>The Oversight Board reserves its rights and may amend the rates prior to the confirmation objection deadline, upon further discussion with PREB, LUMA Energy,<sup>2</sup> and AAFAF, in a manner that will provide similar recoveries to creditors to those provided for in the Plan.</p>
Legacy Charge’s Purpose	<p>The Legacy Charge is collected to ensure sufficient cash flow required for PREPA’s debt service on the New Bonds issued under the Plan.</p>
Applicability	<p>The Legacy Charge will be assessed on all of PREPA’s customers, except where the Plan specifically exempts some or all of the Flat Fee or Volumetric Charge. The Legacy Charge will apply to existing and future classes of PREPA customers in use by PREPA and/or LUMA Energy, on behalf of PREPA, as modified subject to the Amendment Test set forth in the Plan. <u>Annex 1</u> reflects certain categories of PREPA’s customer base that will establish how each PREPA customer is charged the Legacy Charge, subject to the Amendment Test set forth in the Plan.</p> <p>Names and descriptions of certain existing rate classes established by PREPA, some of which may be referred to in <u>Annex 1</u>, are attached hereto as <u>Annex 2</u>. For the avoidance of doubt, any rate class that is subsequently created, any existing rate class currently having no customers but subsequently having customers, or any rate class otherwise not explicitly referenced in <u>Annex 1</u> or <u>Annex 2</u>, will be subject to the Legacy Charge and will be classified in accordance with the Amendment Test and modification provision in the Plan.</p>
Term	<p>The Legacy Charge will become effective on the Effective Date of the PREPA Plan or as otherwise set forth in the Confirmation Order and shall remain in place until its termination on the later of (i) the maturity of the CVI and (ii) the full payment of the Series B Bonds.</p>

<sup>1</sup> All Capitalized terms not set forth herein shall have the meaning ascribed to such term in the Plan to which this Schedule B is attached.

<sup>2</sup> As used herein, “LUMA Energy” shall refer, collectively to LUMA Energy, LLC, a joint venture between Quanta Services and Canadian Utilities Limited, an ATCO Ltd. Company, or to LUMA Energy ServCo, LLC its subsidiary.

Flat Fee	<p>PREPA will charge a flat fee (the “<u>Flat Fee</u>”), incremental to any existing PREPA rates and fees, in the amount set forth for the applicable customer class on <u>Annex 1</u>, to each customer account each month unless the customer qualifies for an exemption from the Flat Fee. The amount paid for the Flat Fee is assessed on a U.S. dollar basis, and is not linked to a customer’s power consumption, but rather is assessed for each non-exempt customer being connected to the PREPA electricity grid.</p>
Volumetric Charge	<p>PREPA will charge a monthly fee (the “<u>Volumetric Charge</u>”), incremental to any existing PREPA rates and fees, in the amount set forth for the applicable customer class on <u>Annex 1</u>, based on each customer’s monthly consumption of electricity. Subject to the Amendment Test and modification provision set forth in the Plan, the Volumetric Charge will be assessed on a cents per-kilowatt hour basis for electricity supplied by PREPA during each billing cycle as follows:</p> <ul style="list-style-type: none"> <li>• For each kWh (or fraction thereof) consumed, as measured by a meter read, during a given calendar month, <b><i>up to and including</i></b> the Volumetric Charge Threshold, in an amount equal to the applicable rate set forth in <u>Annex 1</u> hereto.</li> <li>• For each kWh (or fraction thereof) consumed during a given calendar month, as measured by a meter read, that <b><i>exceeds</i></b> the Volumetric Charge Threshold, in an amount equal to the applicable rate set forth in <u>Annex 1</u> hereto.</li> </ul>
Volumetric Charge Threshold	<p>500 kWh (the “<u>Volumetric Charge Threshold</u>”), subject to the Amendment Test.</p>
Exemption	<p>For a given billing cycle, PREPA will provide for an exemption from the Flat Fee and the Volumetric Charge corresponding to the monthly consumption at or below the Volumetric Charge Threshold, each as set forth in <u>Annex 1</u>, for residential customers who, during such billing cycle, are classified as LRS, RH3, or RFR (each, as defined in <u>Annex 2</u>).</p> <p>Solely for purposes of assessing the Legacy Charge, the following customers will also be exempt from the Flat Fee and Volumetric Charge corresponding to the monthly consumption at or below the Volumetric Charge Threshold, each as set forth in <u>Annex 1</u>:</p> <ul style="list-style-type: none"> <li>• Residential customers of PREPA whose Modified Adjusted Gross Income (MAGI) is below a certain threshold similar to the MAGI eligibility levels needed to qualify for Medicaid healthcare benefits in Puerto Rico.</li> </ul>

	The criteria for any exemptions are subject to the Amendment Test and modification provision set forth in the Plan.
Billing	The Legacy Charge will be collected as part of the PREPA bill by PREPA's operator and servicer in the same manner the bills are currently collected.
Application of Legacy Charge Revenues	The increase in Net Revenues generated from inclusion of the Legacy Charge will, until full payment of the principal of the New Bonds, fund debt service on the New Bonds after payment of PREPA's Operating Expenses, as specified in the Plan. If repayment in full of the principal of the New Bonds occurs prior to maturity of the CVI, revenues from the Fixed Fee component of the Legacy Charge in place as of the Effective Date thereafter will fund distributions to holders of CVI until maturity of the CVI.
Modification	Modification of the Legacy Charge will be done if and only if the Amendment Test is complied with.

**Annex 1**

(to Schedule B)

	<b>Fixed Fee (\$/month)</b>	<b>Volumetric Charge (≤500 kWh, c/kWh)</b>	<b>Volumetric Charge (&gt;500 kWh, c/kWh)</b>
<b>RESIDENTIAL</b>			
RH3, LRS, RFR	\$ -	-	1.50
GRS 111/112 (Subsidy-eligible)	\$ -	-	1.50
GRS 111/112 (General)	\$ 13	0.75	3.00
<b>COMMERCIAL</b>			
GSS 211	\$ 16.25	1.50	3.00
GSP 212	\$ 800	1.45	1.45
GST 213	\$ 1,800	0.97	0.97
862			
<b>GOVERNMENT</b>			
GSS 211	\$ 20	1.45	2.90
GSP 212	\$ 800	1.45	1.45
GST 213	\$ 1,800	0.97	0.97
862			
<b>MUNICIPALITIES</b>			
GSS 211	\$ -	-	-
GSP 212	\$ -	-	-
GST 213	\$ -	-	-
862			
<b>INDUSTRIAL</b>			
GSS 311	\$ 20	2.18	2.18
GSP 312	\$ 800	2.18	2.18
GST 313	\$ 1,800	1.45	1.45
TOU-T 363	\$ 1,800	1.45	1.45
LIS 333	\$ 1,800	1.45	1.45
TOU-T 963	\$ 1,800	1.45	1.45

## **Annex 2**

(to Schedule B)

### **PREPA Customer Segmentation<sup>1</sup>**

PREPA maintains a differentiated rate structure for its customers depending on their customer class. The descriptions below, in conjunction with any other categorization of customers currently utilized by PREPA, identify categories of PREPA's customer base that may be utilized in establishing how each PREPA customer is charged the Legacy Charge.

### **Residential Classes**

1. GENERAL RESIDENTIAL SERVICE (GRS) - This rate shall apply to residential customers for domestic uses for a residence or apartment unless they fit into one of the other classes below. This rate may also apply to houses, apartments, and other structures which are primarily intended for residential purposes, where no more than two rooms in which the total connected load does not exceed 500 watts are used by tenant for business or professional purposes.
2. LIFELINE RESIDENTIAL SERVICE (LRS) - This rate shall apply to residential customers, who fulfill the Nutritional Assistance Program criteria, for all domestic uses for a residence or apartment.
3. RESIDENTIAL SERVICE FOR PUBLIC HOUSING PROJECTS (RH3) - This rate shall apply to residential customers of Public Housing Projects supported or subsidized in whole or in part by loans, grants, contributions or appropriations of the federal, state, or municipal governments.
4. RESIDENTIAL FIXED RATE FOR PUBLIC HOUSING UNDER OWNERSHIP OF THE PUBLIC HOUSING ADMINISTRATION (RFR) - The RFR Rate is established by according to the dispositions of Act 22-2016 and is granted to customers residing in a housing unit physically located within a public housing project owned by the Public Housing Administration for all domestic uses.

### **Commercial and Industrial Classes**

1. GENERAL SERVICE AT SECONDARY DISTRIBUTION VOLTAGE (GSS) - This rate shall apply to any non-residential service with a load lower than 50 kVA. Also, it shall apply to temporary electric power service for limited use in streets, carnivals and others.
2. GENERAL SERVICE AT PRIMARY DISTRIBUTION VOLTAGE (GSP) - This rate shall apply to industrial customers and commercial customers. Service shall be rendered through a single point of connection and a single meter.

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<sup>1</sup> PREPA rate book, as of May 2019. Accessible at: <https://lumapr.com/wp-content/uploads/2021/07/Tariff-Book-Electric-Service-Rates-and-Riders-Revised-by-Order-05172019-Approved-by-Order-05282019.pdf>.

3. GENERAL SERVICE AT TRANSMISSION VOLTAGE (GST) - This rate shall apply to commercial and industrial customers, connected to the transmission system, that have a demand of 250 kVA or greater, for general uses including motive power, heating, refrigeration, and incidental lighting of industries, hotels, and any other establishment.
4. TIME OF USE AT PRIMARY DISTRIBUTION VOLTAGE (TOU-P) - This rate shall apply to commercial and industrial customers with a demand of 1,000 kVA or greater, that: 1. Transfer load from the on-peak period to the off-peak period 2. Add load during the off-peak period 3. Remove load from the on-peak period
5. TIME OF USE AT TRANSMISSION VOLTAGE (TOU-T) - This rate shall apply to commercial and industrial customers with a demand of 1,000 kVA or greater, that: 1. Transfer load from the on-peak period to the off-peak period 2. Add load during the off-peak period 3. Remove load from the on-peak period
6. LARGE INDUSTRIAL SERVICE -115 kV (LIS) - This rate is exclusively for industries with a demand equal to 12,000 kW or higher, with a load factor equal to 80% or higher, and a monthly average power factor equal to 95% or higher.
7. GENERAL AGRICULTURAL SERVICE AND AQUEDUCT PUMPS OPERATED BY RURAL COMMUNITIES (GAS) - This rate applies to farmers and customers dedicated to raising animals. The service shall be provided for motive power, lighting, irrigation pumps, refrigeration and heating. Also, this rate applies to customers that operate pumps to supply aqueduct service exclusively in rural communities; incidental lighting related to this operation is permitted.
8. OUTDOOR SPORTS FIELD LIGHTING FOR PARKS WHERE ADMISSION RIGHTS ARE COLLECTED (LP-13) - This rate shall apply to sports fields where admission rights are collected having a connected load for outdoor illumination of 500 kilowatts or greater
9. CABLE TV POWER SUPPLIES (CATV) - This rate applies to all cable TV power supplies.
10. UNMETERED SERVICE FOR SMALL LOADS (USSL) - This rate shall apply to the services of the electric equipment installed on PREPA's pole or structures that operate 24 hours a day, except for that equipment for which PREPA has another rate available (for example: Cable TV).
11. POWER PRODUCERS CONNECTED AT PREPA BUS BAR - This rate shall apply to large power producers connected to the 230 kV bus bar that require PREPA's electric power service during startup, programmed maintenance, and outages of its generating equipment.
12. PUBLIC LIGHTING GENERAL (PLG) - This rate shall apply to the lighting of streets, ball parks and other parks of free admission, plazas, telephone booths, bus shelters, and traffic and police strobe lights.